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Small Business · Book 1

Starting a Small Business

From idea to first customers — test your idea, count your costs, register the right way, and open your doors

Total beginner · ages 18 and up | About 85 minutes | 10 chapters with quizzes | Free

Every big store started as one small table. Let's open yours — step by step!



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Starting a Small Business

From idea to first customers — test your idea, count your costs, register the right way, and open your doors
Small Business, Book 1 · First edition, November 2026

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What you will learn

- How to test a business idea before you spend a lot
- Who your customer is and what they really want
- Start-up costs, monthly costs, pricing and break-even
- How to register: DTI, barangay, mayor's permit and BIR
- BMBE, the 8% tax option and selling online legally
- Simple records and a 14-day plan to open your doors

This is **Book 1** of the **Small Business** series. It takes you from "I have an idea" to "I have my first paying customers" — the right way, one small step at a time.

Our honest promise

A business is not a way to get rich quick. Many new businesses earn little at first, and some close. This book helps you start small, test first and avoid costly mistakes. It is general information, not legal, tax or financial advice. Fees and rules change, so check with the official offices. All names and amounts in the examples are made up.

Age note

This series is for adults 18 and up, because registering a business, signing a lease and opening accounts usually need an adult. Younger readers can still learn, help in a family business and practice the exercises.

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What you need

Item	Why
A notebook, phone or spreadsheet	To write your costs, prices and sales
A calculator	To check your numbers
A valid government ID	For DTI, BIR and permits later
A small amount of your own money	To test your idea — not borrowed money
About 30 minutes a day for 2 weeks	To plan, test and get ready to open

How to use this book

1. **Read one chapter a day**
   Do the exercise before moving on.

2. **Test before you register**
   Plan and test cheaply first, then register before you sell regularly.

3. **Check your learning**
   Every chapter ends with key takeaways, 3 quiz questions with answers, and a practice task.

STARTING A BUSINESS IN ONE LINE

```
Test small + know your customer + count every peso + register properly + listen and improve
```

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THE END Quick Summary

WHAT'S NEXT Your Next Learning Path

EXTRA Free ToolsKo Tools for This Book

EXTRA Words to Know (Glossary)

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CHAPTER 1

Why Starting Small Matters

Many Filipinos dream of their own negosyo. The ones who last usually start small, learn fast and grow slowly.

A small business can give you extra income, work you enjoy, and something you built yourself. But it also uses your time and your savings. The good news: you don't need a big store or a lot of money to begin. You need a good idea, a few customers and careful counting.

New word: business

A **business** is any work where you sell goods or services to customers to earn money. A turon stall, a laundry service, a bike repair shop and an online cake shop are all businesses. Think of it like a small machine: money goes in, products come out, and if it works well, a little more money comes back.

New word: capital

Capital is the money you use to start and run your business — for tools, first supplies and a little extra. It's like the seeds a farmer buys before planting. Spend it carefully, because it has to come back through your sales.

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Business myths

PICTURE 1 **Business myths vs truths**

MYTH

What people think

- "You need a big capital to start."
- "If friends like it, it will sell."
- "Sales money is profit."
- "Permits can wait until you're big."

TRUTH

What's really true

- Many start with a few thousand pesos
- Test with real paying customers
- Profit is what's left after all costs
- Register before you sell regularly

Knowing the truth saves your money and your time.

The big idea of this book

Start small, test first, count every peso, and follow the rules. A small test teaches you more than a big guess.

A real-world example

Liza wanted a turon stall. Instead of renting a stall right away, she made **30 pieces** and sold them to neighbors and office workers at ₱15 each. Her ingredients cost ₱240. She sold all 30 for ₱450 — a profit of **₱210**. She also learned that people wanted them warm, and that lunch time sold fastest. Now she knew her idea could work before spending more.

QUICK RECAP

A business sells goods or services to earn money. Capital is the money you use to start. You don't need a big capital, but you do need real paying customers, careful counting and the right papers. Big idea: start small, test first, count every peso, and follow the rules.

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TRY IT NOW

Your business dream

1. Write one business you would like to start.
2. Write why you want it (extra income, your skill, a need in your area).
3. Write one thing you could sell this week as a small test.

Key takeaways

- A business sells goods or services.
- Capital must come back through sales.
- Test with real paying customers.
- Big idea: start small, test first.

Quiz: 3 quick questions

1. What is capital?

A Money used to start and run a business
B The profit you take home
C A government permit

2. Liza's 30 turon cost ₱240 and sold for ₱450. What was her profit?

A ₱210
B ₱450
C ₱690

3. Which is the best first step?

A A small test with paying customers
B Renting a big store right away
C Borrowing a big loan first

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Answers

1. **A. Money used to start and run a business** — It's like seeds before planting — it must come back through sales.
2. **A. ₱210** — ₱450 - ₱240 = ₱210.
3. **A. A small test with paying customers** — A small test teaches you cheaply.

PRACTICE TASK

Your "why business"

Write one sentence: "I want to start ___ because ___, and my first small test will be ___." Keep it in your notebook. A clear reason keeps you going on slow days.

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CHAPTER 2

Beginner Basics: Business Words and Types

A few simple words explain how every business works. Learn them once and the rest of the book gets easy.

Business words you will use

Word	What it means	Example
Revenue (sales)	All the money customers pay you	100 turon × ₱15 = ₱1,500
Variable cost	Cost that grows with each item you make	₱8 of ingredients per turon
Fixed cost	Cost you pay every month, even with few sales	Stall rent ₱1,500 a month
Profit	What is left after all costs	Sales minus all costs
Markup	How much you add on top of the cost	Cost ₱8, add ₱7 = 87.5% markup
Profit margin	The part of the price that is profit	₱7 of ₱15 = about 46.7%
Break-even point	Sales needed to cover all costs (no profit, no loss)	400 turon a month
Cash flow	Money coming in and going out over time	Sales today, supplier paid tomorrow

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New word: profit

Profit is the money left after you pay for everything — ingredients, rent, gas, packaging, even your load. It's like the rice left in the pot after everyone has eaten: only what's left over is truly extra.

Types of business

Type	Who owns it	Where you register	Good for
Sole proprietorship	One person	DTI (business name)	Most first small businesses
Partnership	Two or more people	SEC	Friends or family starting together
One Person Corporation (OPC)	One person, as a corporation	SEC	Growing businesses that want to separate owner and company
Corporation	A group of owners (shareholders)	SEC	Bigger businesses
Cooperative	Members who share the business	CDA	Community groups

This book focuses on the sole proprietorship, the simplest way to start.

New phrase: sole proprietorship

A **sole proprietorship** is a business owned by one person. You and the business are the same in the eyes of the law — its income is your income, and its debts are your debts. It's like riding your own bicycle: simple and quick, but you carry all the weight.

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PICTURE 2 **Goods vs services**

GOODS	SERVICES
Things you sell	**Work you do for people**
Food, clothes, crafts, school supplies	Laundry, repairs, tutoring, nails
Needs stock and storage	Needs skill, tools and time
Cost per piece is easy to count	Your time is your main cost
Example: turon, kakanin, ukay-ukay	Example: bike repair, printing, haircut

Both can be good first businesses. Pick the one that fits your skills, your capital and your neighborhood.

Goods or services?

Goods are things you sell (food, clothes, crafts). **Services** are work you do for people (laundry, repairs, tutoring, nails). Services often need less capital because you sell your skill and time.

QUICK RECAP

Revenue is all the money customers pay. Variable costs grow with each item; fixed costs stay each month. Profit is what is left after all costs. Markup is what you add on top of cost; margin is the part of the price that is profit. Break-even is where sales cover all costs. Most first businesses are sole proprietorships registered with DTI.

TRY IT NOW

Sort your costs

1. List every cost of your business idea.
2. Mark each one V (variable, per item) or F (fixed, per month).
3. Circle the three biggest costs.

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Key takeaways

- Sales are not profit.
- Variable costs grow; fixed costs stay.
- Break-even covers all costs.
- Most start as a sole proprietorship.

Quiz: 3 quick questions

1. Which is a fixed cost?

A Monthly stall rent

B Ingredients for each turon

C Paper bag for each order

2. What is profit?

A What is left after all costs

B All the money customers pay

C Your capital

3. Where does a sole proprietor register the business name?

A DTI

B SEC

C CDA

Answers

1. **A. Monthly stall rent** — You pay rent every month, even with few sales.
2. **A. What is left after all costs** — Only what's left over is truly extra.
3. **A. DTI** — SEC is for partnerships and corporations; CDA for cooperatives.

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PRACTICE TASK

Your word card

Make a small card with five words: revenue, variable cost, fixed cost, profit and break-even. Write one example from your own business idea for each. Use the card while reading the next chapters.

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CHAPTER 3 · LESSON 1

Find and Test Your Idea

A good business idea solves a real need for real people who are willing to pay. The cheapest way to know is to test it.

Where good ideas come from

- **A need around you:** “There’s no laundry shop near the dorms.”
- **A skill you have:** baking, sewing, repairing phones, cutting hair.
- **A problem you had yourself:** “I always wanted healthy baon near my office.”
- **Something people already buy often:** food, school supplies, load, cleaning items.

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The T-I-N-D-A recipe

PICTURE 3 **T-I-N-D-A: the starting recipe**

T

Test your idea small

Sell 30 pieces to neighbors before renting a stall.

I

Identify your customer

"Office workers near the terminal who want a cheap merienda."

N

Numbers first

Know your cost per piece, your price and your break-even.

D

Do it legally

DTI, barangay, mayor's permit and BIR before regular selling.

A

Ask and improve

"What would make you buy again?" Then change one thing.

↓

PUT TOGETHER:

Test small, know who buys, count first, register properly, listen and improve.

Named after "tinda" — goods to sell. Follow the five letters and your stall stands on solid ground.

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Three cheap ways to test

Test	How	What you learn
Small batch	Make 20–30 pieces and sell them	Will people pay your price?
Pre-order	Post a photo, take orders, cook only what was ordered	How many really want it — with no leftovers
Pop-up	Sell for one day at a school fair, market day or church event	What sells fast and what people ask for

"Nice" is not a sale

Friends will say "Ang sarap!" to be kind. The real test is: **Did they pay? Did they come back? Did they tell a friend?** Count paying customers, not compliments.

Five questions to ask your first customers

1. What did you like most?
2. What would you change?
3. Is the price fair for you?
4. When and where would you buy this?
5. Would you buy again or tell a friend?

QUICK RECAP

Good ideas come from a need, a skill, your own problem or things people buy often. T-I-N-D-A: Test your idea small, Identify your customer, Numbers first, Do it legally, Ask and improve. Test cheaply with a small batch, pre-orders or a one-day pop-up. Count paying customers, not compliments, and ask five simple questions.

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TRY IT NOW

Plan your test

1. Choose one test: small batch, pre-order or pop-up.
2. Write how many pieces, the price and where you will sell.
3. Write the five questions you'll ask your first buyers.

Key takeaways

- A good idea solves a real need.
- T-I-N-D-A: test, identify, numbers, legal, ask.
- Test cheaply before you spend big.
- Count paying customers, not compliments.

Quiz: 3 quick questions

1. What does the T in T-I-N-D-A stand for?

A Test your idea small

B Take a big loan

C Tell everyone it's great

2. Why is a pre-order test helpful?

A You cook only what was ordered, so no leftovers

B It's required by law

C It doubles your price

3. Your friends say your cookies are delicious but nobody buys a second time. What does it mean?

A Something needs to change — ask and improve

B Your business is a sure success

C Raise your price right away

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Answers

1. **A. Test your idea small** — A small test teaches you cheaply.
2. **A. You cook only what was ordered, so no leftovers** — You learn real demand without wasting supplies.
3. **A. Something needs to change — ask and improve** — Repeat buyers are the real proof.

PRACTICE TASK

Run a small test

Run your test this week with a small amount of your own money. Write how many you made, how many sold, the money in, the money out, and the top answer to each of your five questions.

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CHAPTER 4 · LESSON 2

Count Your Costs and Set Your Price

Many small businesses close not because nobody buys, but because the price was too low to cover all the costs.

Step 1: List your start-up costs

Start-up item (example: turon stall)	Cost
Stove, pans and tools	₱3,500
First ingredients and oil	₱1,500
Packaging and a simple sign	₱800
DTI business name, barangay scope (₱200 + ₱30 stamp tax)	₱230
Total listed	**₱6,030**

Made-up example. Add your barangay clearance, mayor's permit and other fees — they differ in every city.

Step 2: Find your cost per piece

Add up the ingredients for one batch and divide by the number of pieces. Liza's batch of 50 turon uses ₱400 of saba, wrappers, sugar and oil. ₱400 ÷ 50 = **₱8 per piece**.

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Step 3: Set a price that earns

PICTURE 4 From cost to price



Start from your real cost, add enough to cover monthly costs and profit, then check what customers already pay nearby.

New word: break-even point

The **break-even point** is how much you must sell to cover all your costs — no profit, no loss. It's like filling a bucket with a small hole: you must pour in at least as fast as it leaks before the water starts to rise.

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Step 4: Find your break-even

Item	Amount
Fixed costs a month (stall ₱1,500 + LPG ₱1,100 + load ₱200)	₱2,800
Profit per piece (₱15 − ₱8)	₱7
Break-even: ₱2,800 ÷ ₱7	**400 pieces a month**
Over 25 selling days	About 16 pieces a day
Sell 600 a month	₱4,200 − ₱2,800 = ₱1,400 profit
Sell 1,000 a month	₱7,000 − ₱2,800 = ₱4,200 profit

Made-up numbers. Every piece after the 400th adds ₱7 of profit.

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Where to get your start-up money

PICTURE 5 **Start-up money traffic light**



Safer start

Your own savings (not your emergency fund), selling things you don't use, starting with pre-orders, or family help written down clearly.

Compare first

Small business loans from banks, cooperatives, microfinance groups or government programs — only after your test works, and only if you understand the total cost and can pay monthly.

Stop

Loan apps, "5-6" lenders, cash advances on credit cards, or borrowing more than your business can repay. If sales are slow, the debt keeps growing.

Start with your own small capital, borrow only after a successful test, and never use expensive debt.

Don't forget hidden costs

Gas to buy supplies, spoiled leftovers, free tastes, delivery fees, e-wallet or platform fees, and your own time all cost money. Add them to your list, or your "profit" will be smaller than you think.

QUICK RECAP

List your start-up costs, find your cost per piece, add a markup, and check market prices. Break-even = fixed costs ÷ profit per piece. In the example, ₱2,800 ÷ ₱7 = 400 pieces a month. Start with your own small capital; borrow only after a test works and only if you understand the total cost; avoid loan apps and 5-6. Count hidden costs.

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TRY IT NOW

Price one product

1. Write the cost of one batch and how many pieces it makes.
2. Divide to get the cost per piece.
3. Write three prices nearby for similar products, then choose yours.

Key takeaways

- Know your cost per piece.
- Price = cost + markup, checked against the market.
- Break-even = fixed costs ÷ profit per piece.
- Own money first; no loan apps.

Quiz: 3 quick questions

1. Fixed costs are ₱2,800 a month and profit per piece is ₱7. What is the break-even?

A 400 pieces
B 28 pieces
C 2,800 pieces

2. A batch costs ₱400 and makes 50 pieces. What is the cost per piece?

A ₱8
B ₱50
C ₱20

3. Which start-up money is the riskiest?

A A loan app
B Your own savings
C Pre-orders

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Answers

1. **A. 400 pieces** — ₱2,800 ÷ ₱7 = 400.
2. **A. ₱8** — ₱400 ÷ 50 = ₱8.
3. **A. A loan app** — High interest keeps growing even when sales are slow.

PRACTICE TASK

Your break-even sheet

Use the ToolsKo Break-Even Calculator with your own fixed costs, price and cost per piece. Write how many you must sell a month and a day. Then use the Profit Margin Calculator to check your margin.

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CHAPTER 5 · LESSON 3

Register Your Business the Right Way

Registering protects you, lets you issue invoices, open a business account and grow without fear. Here are the usual steps for a sole proprietor.

The four main steps

PICTURE 6 **Four steps to register a sole proprietorship**



Do them in this order. Each office usually asks for the paper from the step before.

Step 1: DTI business name

Scope (where the name is protected)	Fee	Plus stamp tax
Barangay	₱200	₱30
City or municipality	₱500	₱30
Regional	₱1,000	₱30
National	₱2,000	₱30

Checked Nov 22, 2026 on DTI's BNRS. Register and pay online; the certificate is valid for 5 years. Late renewal adds 50%.

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Pick a name that is not used by someone else and not misleading. A small neighborhood stall often needs only barangay or city scope. You can register online at DTI's business name website (BNRS) and pay by e-wallet, card or over the counter.

Step 2 and 3: Barangay clearance and mayor's permit

- Get a **barangay clearance** from the barangay where your business is.
- Apply for a **mayor's permit** (business permit) at your city or municipal hall, often at its business one-stop shop.
- Usual papers: DTI certificate, barangay clearance, valid ID, lease contract or proof you may use the place, and a cedula.
- Some businesses also need a **sanitary permit** (food), a **fire safety inspection certificate** (BFP) or zoning clearance.
- Fees are **set by each city or municipality**. Renew every year from **January 1 to 20** (some cities extend). Late renewal can add a 25% surcharge plus 2% interest a month.

Step 4: BIR registration

- Register with **BIR Form 1901**, online through **ORUS** or at your Revenue District Office.
- The old **₱500 yearly registration fee is gone** (stopped January 22, 2024 under the Ease of Paying Taxes law). Online registrants pay ₱30 documentary stamp tax for the electronic certificate (eCOR).
- Register your **books of accounts** (simple records of sales and expenses) and get **invoices** for your sales.
- Choose your income tax option at registration (see Lesson 5).

New word: BMBE

A **BMBE** (Barangay Micro Business Enterprise) is a tiny business with total assets of **₱3 million or less** (land not counted). A registered BMBE pays **no income tax** on its business income for 2 years at a time (renewable). Registering through DTI's BMBE Online is free, though some LGUs may charge a small fee. It's like a "starter shield" for very small businesses — you still register with DTI, the city and BIR, and you still file returns.

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Selling online? The rules apply too

Online sellers also register like any business. Under the **Internet Transactions Act** (fully enforced since **June 20, 2025**), online sellers must show the price, a clear description, the condition of the item and their contact details. DTI can fine violators from ₱5,000 up to ₱1 million and take down illegal listings.

Ask your Negosyo Center

DTI's Negosyo Centers in many towns help new owners with business name registration, BMBE and free training. Ask your city hall where the nearest one is.

QUICK RECAP

Register in four steps: DTI business name (₱200 barangay, ₱500 city, ₱1,000 regional, ₱2,000 national, plus ₱30 stamp tax, valid 5 years), barangay clearance, mayor's permit (fees set by each LGU, renew January 1–20), and BIR (Form 1901 via ORUS, no more ₱500 yearly fee, books and invoices). A BMBE with assets up to ₱3 million can be exempt from income tax. Online sellers must follow the Internet Transactions Act.

TRY IT NOW

Make your registration checklist

1. Write the four steps and the office for each one.
2. Search your DTI business name idea on BNRS to see if it's free.
3. Call or visit your city hall to ask for its permit list and fees.

Key takeaways

- DTI, barangay, city hall, then BIR.
- DTI name: from ₱200 + ₱30, valid 5 years.
- Renew your mayor's permit every January.
- Online sellers follow the same rules.

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Quiz: 3 quick questions

1. What does a sole proprietor register with DTI?

A The business name
B A corporation
C A cooperative

2. Does BIR still collect the ₱500 yearly registration fee?

A No — it stopped in January 2024
B Yes, every January
C Only for online sellers

3. What is the maximum total assets for a BMBE?

A ₱3 million (land not counted)
B ₱30 million
C ₱300,000

Answers

1. **A. The business name** — DTI registers business names of sole proprietors.
2. **A. No — it stopped in January 2024** — The Ease of Paying Taxes law removed it.
3. **A. ₱3 million (land not counted)** — BMBEs are very small businesses.

PRACTICE TASK

Your paper folder

Prepare one folder (paper or digital) with your ID, your business name ideas, proof you may use your place, and your registration checklist. Use the ToolsKo Cedula Calculator to estimate your community tax certificate.

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CHAPTER 6 · LESSON 4

Open Your Doors and Find Your First Customers

Customers won't come if they don't know you exist. Make it easy to find you, easy to buy, and easy to come back.

Choose where you sell

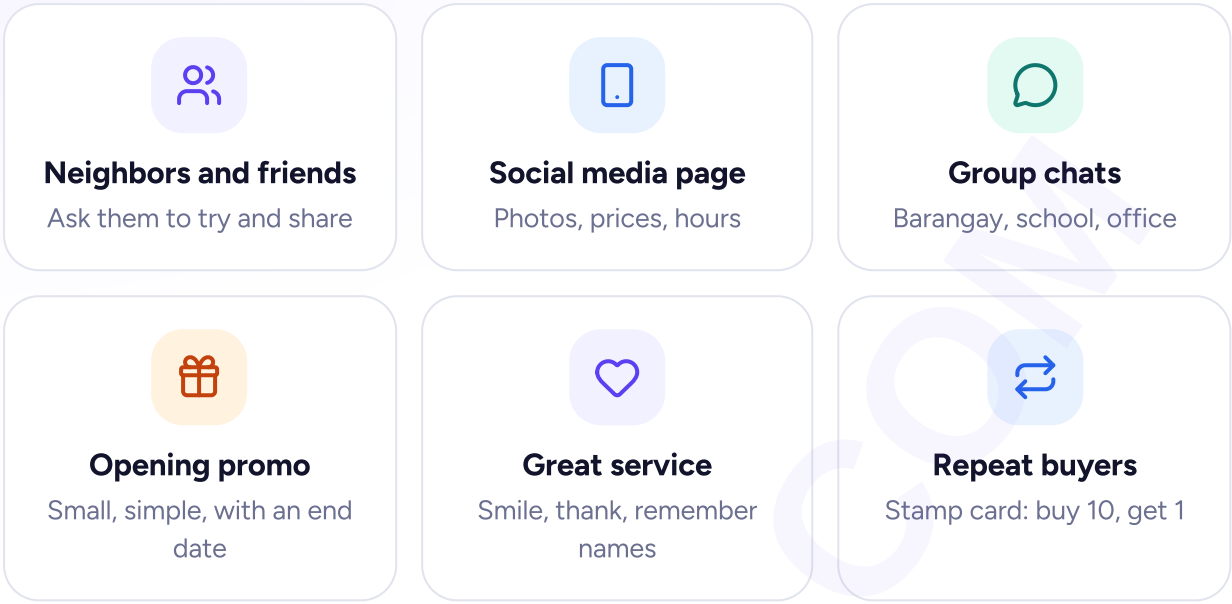
Where	Good	Watch out
Home or front of house	No rent, easy to start	Check barangay and zoning rules
Stall or small space	People walk by every day	Rent is a fixed cost every month
Online (social media, marketplace)	Reach far, start fast	Platform fees, delivery and scams
Events and bazaars	Test and meet many buyers	Table fees; not every day

Make a simple offer

- **A clear name and sign** so people remember you.
- **A short price list** with no hidden charges.
- **Easy payment:** cash and one e-wallet or QR code.
- **Clean, safe packaging** with your name and contact number.
- **Your hours** posted, and keep them.

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PICTURE 7 **Six ways to get your first customers**



Start with the people who already know you, then let good service and word of mouth do the rest.

New phrase: word of mouth

Word of mouth is when happy customers tell others about you. It's like a plant that spreads its seeds by itself: one good experience brings two new customers, and they bring more. It is free — but only great products and kind service make it grow.

Be honest in every post

Use your own real photos, show the real price, and never post fake reviews or pretend to be a big brand. Honest sellers last longer — and the law requires clear, true information online.

More in the next books

Book 2 of this series covers Facebook marketing, and Book 3 covers customer service. For now, focus on your first 10 happy customers.

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QUICK RECAP

Choose where to sell: home, stall, online or events — each has costs and rules. Make a simple offer: clear name and sign, price list, easy payment, clean packaging and set hours. Get first customers from neighbors, social media, group chats, a small opening promo, great service and a stamp card. Word of mouth grows from happy customers. Be honest in every post.

TRY IT NOW

Design your opening

1. Write where you will sell and your opening hours.
2. Write a 5-item price list.
3. Plan one small opening promo with an end date.

Key takeaways

- Make it easy to find and buy.
- Start with people who know you.
- Great service starts word of mouth.
- Honest photos and prices only.

Quiz: 3 quick questions

1. What is word of mouth?

A Happy customers telling others about you

B A paid ad

C A government permit

2. Which is a good opening promo?

A Small and simple, with an end date

B Free items forever

C A fake “50% off” on a raised price

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3. Why post your real price online?

A It builds trust and the law requires clear information

B It's optional and useless

C To confuse competitors

Answers

1. **A. Happy customers telling others about you** — It's free — but only great products and service grow it.
2. **A. Small and simple, with an end date** — Clear, honest and limited protects your profit.
3. **A. It builds trust and the law requires clear information** — Online sellers must show price and clear details.

PRACTICE TASK

Your first 10 customers

Write the names of 10 people or groups who might buy first. Make a simple business card or QR code for your payment or page with the ToolsKo Business Card Maker or QR Code Generator, and give it to each of them this week.

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CHAPTER 7 · LESSON 5

Keep Simple Records, Pay Your Dues and Grow Carefully

A notebook can save your business. When you write every sale and every expense, you always know if you are really earning.

Rule number one: separate your money

Keep business money apart from family money — a separate wallet, envelope or account. If you take turon money for groceries, you won't know if the business is earning, and you may run out of money for supplies.

Your daily sales and expense log

Date	Money in (sales)	Money out (expenses)	What for
Mon	₱450	₱320	Saba, wrappers, oil
Tue	₱525	₱0	—
Wed	₱390	₱1,100	LPG refill
Total	**₱1,365**	**₱1,420**	Cash went down ₱55 this week — check why

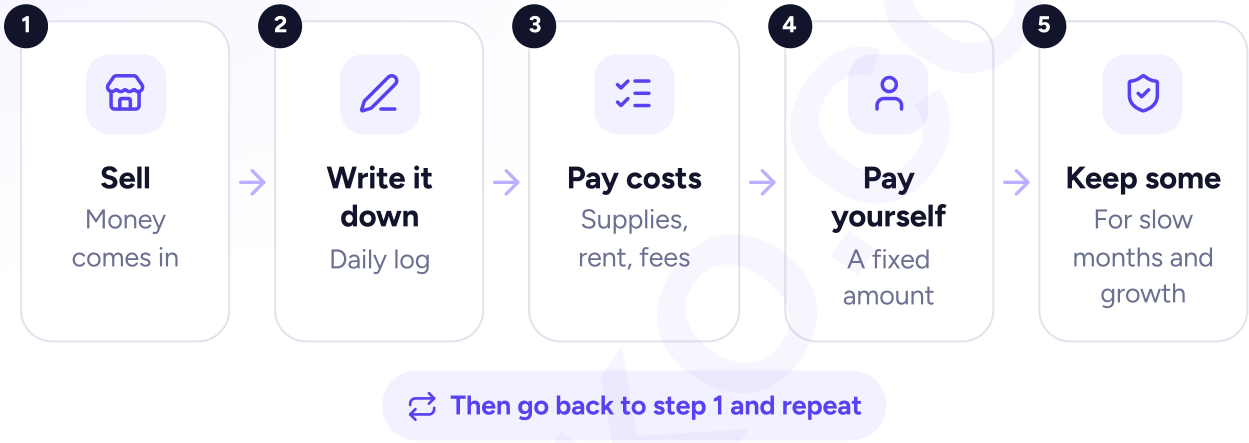
Made-up example. A big expense like LPG can make one week look bad; look at the whole month too.

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New phrase: cash flow

Cash flow is the movement of money in and out of your business. You can be earning a profit on paper and still run out of cash if money goes out before it comes in. It's like a water tank: what matters is that it never runs dry on the day you need it.

PICTURE 8 **The business money loop**



Every peso follows the same path. When you write it down, you can see where it goes and keep the loop going.

Pay yourself and plan your taxes

- **Pay yourself a fixed amount** each week or month from profit — not random amounts from the cash box.
- **Keep some profit in the business** for supplies, repairs and slow months.
- **Taxes:** if your yearly gross sales are ₱3 million or less, you may choose the **8% income tax**. If you have no salary job, the first **₱250,000** is deducted first, and it replaces the graduated rates and the 3% percentage tax. Example: ₱400,000 sales → (₱400,000 − ₱250,000) × 8% = **₱12,000** for the year.
- **File on time**, even with small or zero sales, to avoid penalties.

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Protect yourself: SSS, PhilHealth and Pag-IBIG

As a business owner, you can register as **self-employed**. In 2026, SSS contributions are **15%** of your chosen monthly salary credit, and self-employed members pay all of it. The lowest is about **₱760 a month** (₱5,000 salary credit). PhilHealth and Pag-IBIG also accept self-employed members. These give you sickness, maternity, retirement and housing benefits.

Grow one step at a time

Grow only when your records show steady profit for a few months. Add one new product, one new selling day or one helper at a time. If you hire people, learn the rules on wages and contributions first.

QUICK RECAP

Separate business money from family money. Write every sale and expense daily. Cash flow is money moving in and out — don't run dry. Pay yourself a fixed amount and keep some profit in the business. With yearly sales of ₱3 million or less you may choose the 8% tax, with the first ₱250,000 deducted if you have no salary job. Register as self-employed with SSS (15%, from about ₱760 a month), PhilHealth and Pag-IBIG. Grow one step at a time.

TRY IT NOW

Start your log today

1. Draw four columns: date, money in, money out, what for.
2. Write every sale and expense for 7 days.
3. Add up the week and write one thing you learned.

Key takeaways

- Separate business and family money.
- Write every sale and expense.
- Pay yourself a fixed amount.
- Pay your dues; grow slowly.

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Quiz: 3 quick questions

1. Why separate business money from family money?

A So you know if the business is really earning
B Because banks require two wallets
C To hide money from family

2. With ₱400,000 gross sales under the 8% option and no salary job, how much is the tax?

A ₱12,000
B ₱32,000
C ₱0

3. What is the SSS contribution rate in 2026?

A 15% of the monthly salary credit
B 50%
C 1%

Answers

1. **A. So you know if the business is really earning** — Mixed money hides your real profit.
2. **A. ₱12,000** — (₱400,000 − ₱250,000) × 8% = ₱12,000.
3. **A. 15% of the monthly salary credit** — Self-employed members pay the full 15%.

PRACTICE TASK

Your money system

Set up one separate envelope or account for business money, start your daily log, and write the fixed amount you will pay yourself. Use the ToolsKo Self-Employed SSS, PhilHealth and Pag-IBIG Calculator and the Freelancer Tax Calculator (8% vs graduated) to estimate your dues.

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CHAPTER 8

Your 14-Day Business Starter Plan

About 30 minutes a day for two weeks. By day 14, you'll have tested your idea, counted your costs, started your papers and made a plan to open.

Start any day. Some offices take longer than one day — that's okay. Keep going with the other tasks while you wait.

PICTURE 9 **The 14-day starter plan**



Plan, test, count, register, then open — in that order.

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Day	Task (about 30 minutes)	Done?
1	Write three business ideas and pick one.	☐
2	Describe your customer: who, where, when they buy.	☐
3	Plan your test (small batch, pre-order or pop-up).	☐
4	Run your test.	☐
5	Ask your five questions and write the answers.	☐
6	Improve one thing and test again.	☐
7	List start-up costs and find your cost per piece.	☐
8	Set your price and find your break-even.	☐
9	Register your business name with DTI (BNRS).	☐
10	Get your barangay clearance.	☐
11	Ask city hall for the mayor's permit list; book your BIR registration (ORUS).	☐
12	Set up separate money, a daily log and payment options.	☐
13	Make your sign, price list and page; tell your first 10 customers.	☐
14	Write your opening date and your first-month goal.	☐

Bonus exercises

1 **Visit three similar businesses**

Note their prices, hours and what customers like.

2 **Make a one-page plan**

Customer, product, price, costs, break-even and where you sell.

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3 **Ask a business owner**

Ask one owner what they wish they knew on day one.

4 **Check BMBE**

If your assets are small, ask your Negosyo Center about BMBE.

Small and steady wins

Your first month may be slow. That's normal. Keep your log, listen to customers, and improve one thing each week.

QUICK RECAP

Days 1–3: pick an idea, describe your customer and plan a test. Days 4–6: test, ask questions, improve. Days 7–8: count costs, set your price and find your break-even. Days 9–11: DTI name, barangay clearance, mayor's permit list and BIR. Days 12–14: separate money, daily log, sign and page, first 10 customers, and an opening date.

TRY IT NOW

Start today

1. Copy the 14-day table.
2. Do Day 1 now.
3. Set a daily reminder.

Key takeaways

- Plan, test, count, register, open.
- Test before you spend big.
- Start your papers early.
- Set an opening date.

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Quiz: 3 quick questions

1. What do you do on days 4–6?

A Test with real buyers and improve
B Rent a big store
C Buy a delivery van

2. Which office do you visit first when registering?

A DTI for the business name
B BIR
C SSS

3. Your first month is slow. What should you do?

A Keep your log, listen and improve one thing a week
B Close right away
C Borrow from a loan app

Answers

1. **A. Test with real buyers and improve** — Testing comes before big spending.
2. **A. DTI for the business name** — Other offices usually ask for your DTI certificate.
3. **A. Keep your log, listen and improve one thing a week** — Slow starts are normal; steady improvement helps.

PRACTICE TASK

Complete the 14 days

Follow the plan and tick each box. On day 14, write your business name, product, price, break-even, opening date and the papers still in progress.

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CHAPTER 9

Common Beginner Mistakes (and Easy Fixes)

Most new businesses that struggle make the same few mistakes. Knowing them early is like seeing the potholes before you drive.

PICTURE 10 **Risky habits vs wise habits**

RISKY HABITS	WISE HABITS
Hoping it works	**Building it right**
Big spending before any test	Small test with paying buyers
Price copied, costs not counted	Price from real costs and break-even
Business and family money mixed	Separate money, daily log
No papers, no records	Registered and filing on time

The difference is not luck — it's testing, counting and following the rules.

Now check your plans against this table.

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Mistake	Why it hurts	Easy fix
Spending big before testing	You may lose your capital on an idea nobody buys	Test small first
Pricing too low	You can sell a lot and still lose money	Price from cost per piece and break-even
Forgetting fixed and hidden costs	“Profit” disappears	List every cost, even gas and fees
Mixing business and family money	You never know if you’re earning	Separate wallet or account
No records	You can’t fix what you can’t see	Daily log of money in and out
Selling without papers	Fines, closure and no growth	DTI, barangay, mayor’s permit, BIR
Borrowing from loan apps or 5-6	Interest grows faster than sales	Own money first; compare safer loans
Too many products at once	Waste and confusion	Start with 1–3 best sellers
Ignoring customer feedback	Customers quietly stop buying	Ask, listen, improve one thing
Giving too much credit (utang)	Cash runs out	Set a small limit and a pay date

The weekly business check

Every week ask: “Did I earn more than I spent?”, “Which product sold best?”, “What did customers ask for?” and “Are my papers and payments up to date?” Write the answers in your log.

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QUICK RECAP

Common mistakes: spending big before testing, pricing too low, forgetting costs, mixing money, no records, selling without papers, borrowing from loan apps or 5-6, too many products, ignoring feedback and too much utang. Each has an easy fix. Do a weekly business check.

TRY IT NOW

Audit your plan

1. Tick every mistake you might make.
2. Write the fix for each one you ticked.
3. Set a weekly business check reminder.

Key takeaways

- Test before spending big.
- Price from real costs.
- Separate money, keep records.
- Register and avoid costly debt.

Quiz: 3 quick questions

1. You sell a lot but never have money left. What is a likely cause?

A Your price is too low or costs are missing

B Too many customers

C Your sign is too big

2. What is a safe way to handle utang (credit) from customers?

A A small limit and a clear pay date

B Unlimited credit for everyone

C No records of who owes

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3. How many products should a beginner start with?

A 1–3 best sellers

B 30 products

C As many as possible

Answers

1. **A. Your price is too low or costs are missing** — Check cost per piece and break-even.
2. **A. A small limit and a clear pay date** — Too much credit drains your cash.
3. **A. 1–3 best sellers** — Fewer products mean less waste and clearer learning.

PRACTICE TASK

Your business rules

Write 5 personal business rules (for example, “Test before I spend”, “Price from real costs”, “Business money stays separate”, “Write every peso”, “No loan apps”). Post them where you work.

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CHAPTER 10

Real-Life Examples: First Small Businesses

These five example stories are based on common Filipino situations (names are made up). Look for the habits, not the amounts.

G

Grace, 29
Online kakanin seller, Laguna

THE PROBLEM

Wanted to sell kakanin online but was afraid of leftovers.

WHAT GRACE TYPED

```
Took pre-orders in her barangay group chat every Thursday and
cooked only what was ordered. Registered her business name with
DTI and posted clear prices and her contact number.
```

THE RESULT

Had almost no waste, learned her best sellers in a month, and grew to regular weekend orders.

Lesson: Pre-orders let you test demand with almost no risk.

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M

Mang Ben, 52
Carinderia owner, Caloocan

THE PROBLEM

Sold a lot every day but never seemed to have money left.

WHAT MANG BEN TYPED

```
Wrote every sale and expense for a month and computed his cost per plate. Found two dishes priced below cost and raised them a little.
```

THE RESULT

Same customers, but now each plate earns, and he pays himself a fixed amount every Saturday.

Lesson: Records show where the money leaks.

A

Aira, 23
Printing and laminating service near a school, Iloilo

THE PROBLEM

Had little capital and wasn't sure students would come.

WHAT AIRA TYPED

```
Started with her own printer at home during exam weeks, counted cost per page, then rented a small space only after three months of steady sales.
```

THE RESULT

Her rent is covered by her break-even sales, and she added photocopying later.

Lesson: Grow only after your records show steady profit.

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J

Jun, 35
Bike and motorcycle repair, Cagayan de Oro

THE PROBLEM

Was offered a fast loan from an app to buy tools.

WHAT JUN TYPED

```
Compared it with a cooperative loan and his savings. Bought only
the tools he needed most with his own money and borrowed later
from the cooperative at a clearer cost.
```

THE RESULT

Avoided high app interest and paid his small loan on time from steady repair income.

Lesson: Own money first; borrow only what you understand and can repay.

N

Nanay Cora, 47
Sari-sari store owner, Batangas

THE PROBLEM

Her small store had no papers and she feared taxes.

WHAT NANAY CORA TYPED

```
Visited the Negosyo Center, registered her business name, got her
barangay clearance and mayor's permit, registered with BIR and
applied as a BMBE.
```

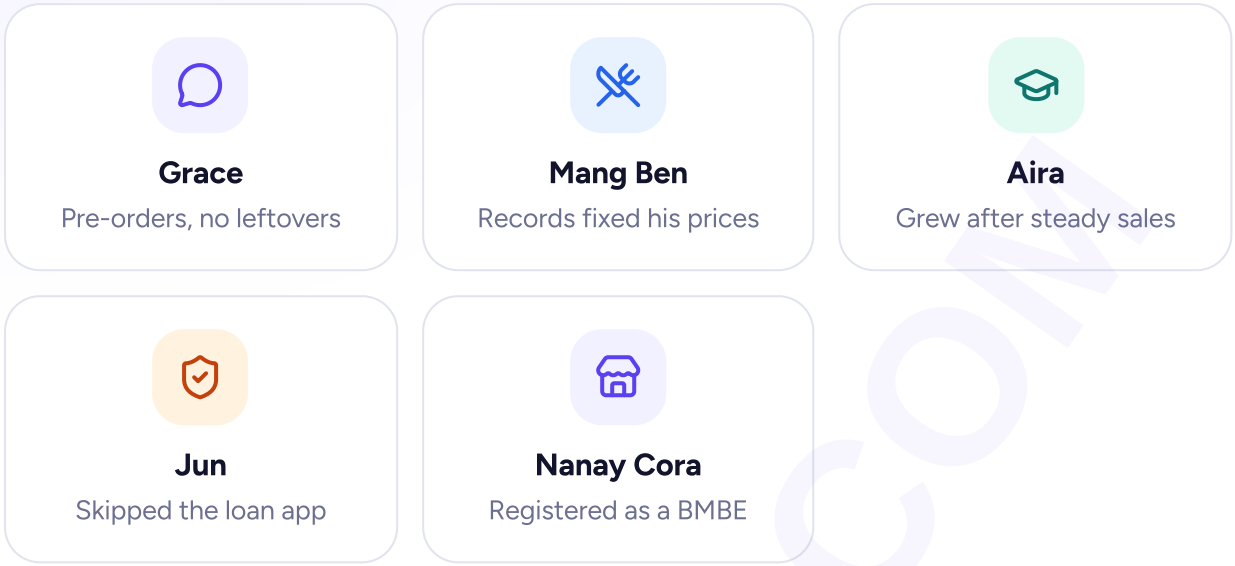
THE RESULT

Now operates without worry, can issue invoices, and pays no income tax on her store income while she stays a BMBE.

Lesson: Registering can be simpler and cheaper than people fear.

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PICTURE 11 **Five first businesses**



Different businesses, same habits: test first, count everything, grow carefully, avoid costly debt and register properly.

What these stories have in common

They tested before spending big, counted their costs, kept records, avoided expensive debt and registered properly. None of them got rich fast — they built a steady business step by step.

QUICK RECAP

Pre-orders helped Grace avoid waste; records helped Mang Ben fix his prices; Aira rented a space only after steady sales; Jun skipped a loan app; and Nanay Cora registered and became a BMBE.

TRY IT NOW

Your first step

1. Pick the story most like your situation.
2. Copy one habit from it this week.
3. Write how it went after 7 days.

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Key takeaways

- Test before you spend.
- Records show the leaks.
- Grow after steady profit.
- Register; it's simpler than you think.

Quiz: 3 quick questions

1. How did Grace avoid leftovers?

A She took pre-orders and cooked only what was ordered
B She cooked double every day
C She stopped selling

2. What helped Mang Ben find his money leak?

A A month of written records and cost per plate
B Opening longer hours
C A bigger sign

3. What did Nanay Cora apply for to avoid income tax on her store income?

A BMBE registration
B A loan app
C A corporation

Answers

1. **A. She took pre-orders and cooked only what was ordered** — Pre-orders match supply to real demand.
2. **A. A month of written records and cost per plate** — Two dishes were priced below cost.
3. **A. BMBE registration** — A BMBE with assets up to ₱3 million can be income-tax exempt.

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PRACTICE TASK

Your business story card

Write your own story card: your idea, your customer, your test result, your price and break-even, the papers you've started, and one habit you'll keep every week.

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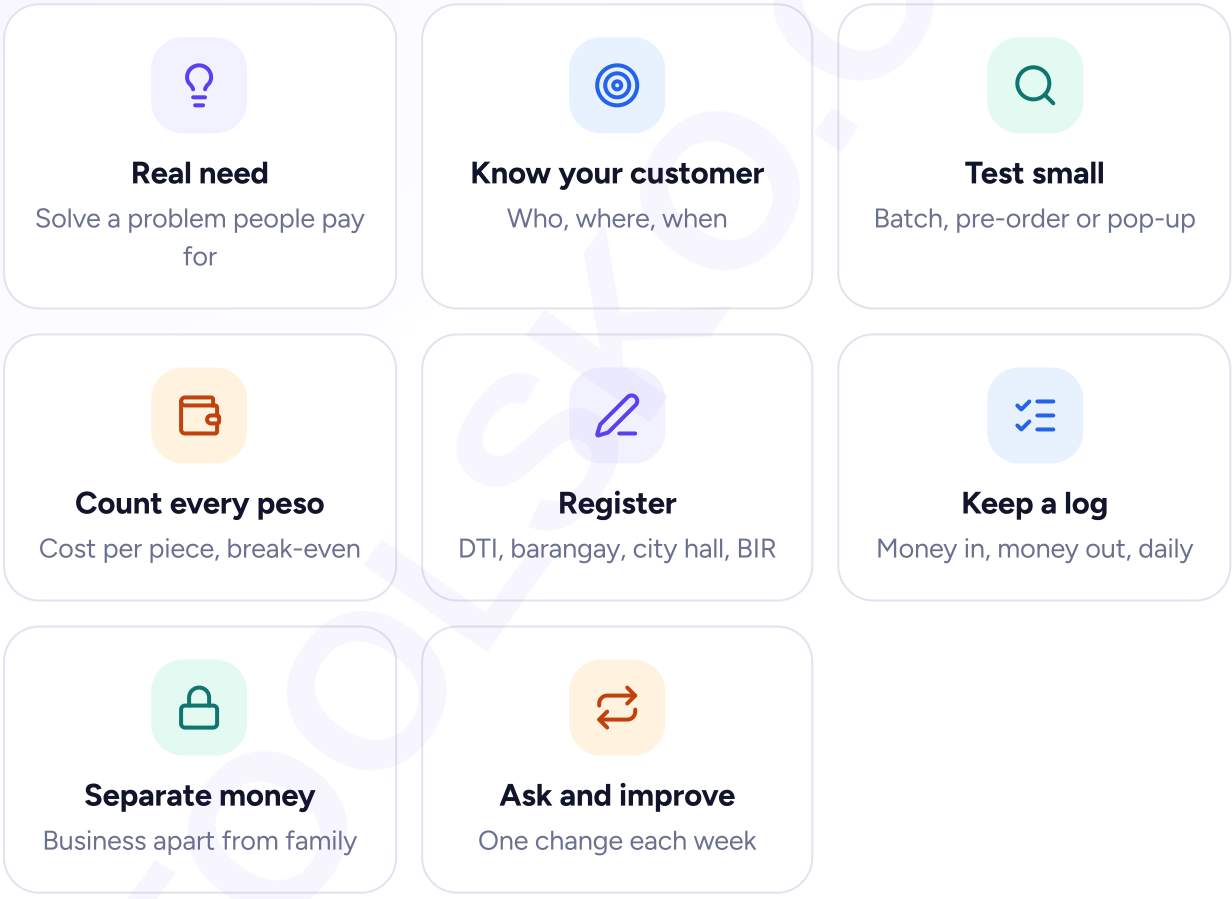
THE END

Quick Summary

Everything important, on one page.

The whole book on one page. Keep it near your cash box.

PICTURE 12 **Cheat sheet: starting a business in 8 cards**



Eight habits that help a small business start right and last.

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Remember	In one line
The big rule	Start small, test first, count every peso, and follow the rules.
Recipe	T-I-N-D-A: Test small, Identify your customer, Numbers first, Do it legally, Ask and improve.
Money words	Sales are not profit; profit is what is left after all costs.
Pricing	Price = cost per piece + markup, checked against the market; break-even = fixed costs ÷ profit per piece.
Registering	DTI name (from ₱200 + ₱30, 5 years), barangay clearance, mayor's permit (renew January 1–20), BIR Form 1901 via ORUS.
Tax help	BMBE (assets up to ₱3 million) can be income-tax exempt; the 8% option fits sales up to ₱3 million.
Always	Separate money, daily log, honest posts, no loan apps, grow one step at a time.

You can start your business

You know how to test an idea, find your customer, count your costs, set a price, register properly and keep records. Run your first small test this week.

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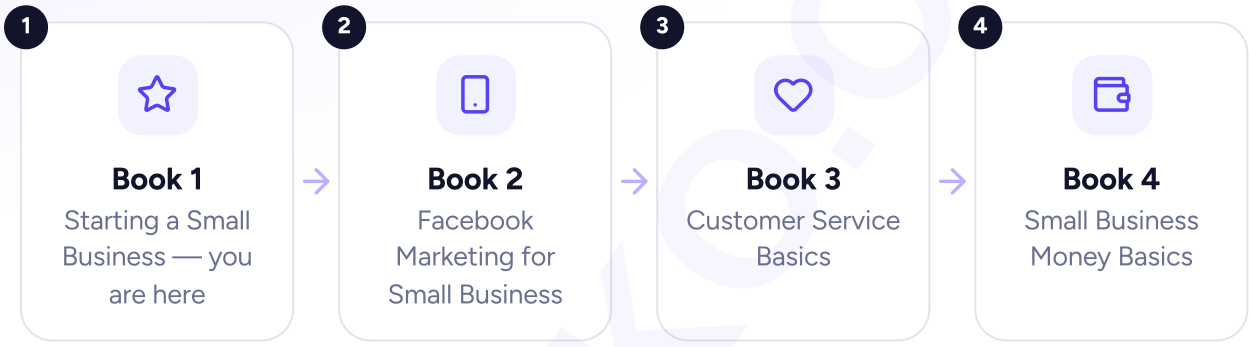
WHAT'S NEXT

Your Next Learning Path

You finished Book 1. Here is where to go from here.

This is **Book 1** of the **Small Business** series. Here is your path:

PICTURE 13 **Your Small Business path**



Start right, get found online, keep customers happy, then manage your money well.

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What to do next

Next step	Why
Finish the 14-day plan	A tested idea, a price, your papers started and an opening date.
Read Book 2	Facebook Marketing for Small Business: set up your Page, post what sells and answer messages fast.
Read Book 3	Customer Service Basics: greet, listen, handle complaints fairly and turn first buyers into loyal suki.
Read Book 4	Small Business Money Basics: pricing, records, cash flow and taxes in more detail.
Build your money base	The Personal Finance series (Budgeting, Saving, Emergency Fund) keeps your family safe while your business grows.

One last tip

Your customers are your best teachers. Listen to them every week, and your business will keep getting better.

Free ToolsKo tools for this book

Put what you learned to work. These tools are free on toolsko.com, need no sign-up, and most work right in your browser.

Break-Even Calculator
Find how many you must sell to cover all your costs.
toolsko.com/break-even-calculator ↗

Profit Margin Calculator
See what part of each price is real profit.
toolsko.com/profit-margin-calculator ↗

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Markup Calculator
Turn your cost per piece into a selling price.

toolsko.com/markup-calculator ↗

Online Selling Price Calculator (Shopee, TikTok Shop, Lazada)
Price online items after platform fees.

toolsko.com/online-selling-price-calculator ↗

Invoice Generator
Make a clean invoice or order summary for customers.

toolsko.com/invoice-generator ↗

Business Card Maker
Make a simple card with your name, products and contact.

toolsko.com/business-card-maker ↗

QR Code Generator
Make a QR code for your page, menu or price list.

toolsko.com/qr-code-generator ↗

Self-Employed SSS, PhilHealth & Pag-IBIG Calculator (Freelancers)
Estimate your monthly contributions as a business owner.

toolsko.com/self-employed-contributions-calculator ↗

Freelancer Tax Calculator PH: 8% vs Graduated (BIR)
Compare the 8% option with graduated income tax.

toolsko.com/freelancer-tax-calculator ↗

Cedula Calculator: Community Tax Certificate (CTC) Philippines
Estimate your cedula for permit papers.

toolsko.com/cedula-community-tax-calculator ↗

Loan Calculator
See the full cost of a business loan before you borrow.

toolsko.com/loan-calculator ↗

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Words to know

Business	Work where you sell goods or services to earn money.
Capital	Money used to start and run a business.
Revenue (sales)	All the money customers pay you.
Variable cost	A cost that grows with each item you make.
Fixed cost	A cost you pay every month, even with few sales.
Profit	What is left after all costs are paid.
Markup	The amount added on top of the cost.
Profit margin	The part of the price that is profit.
Break-even point	Sales that cover all costs: no profit, no loss.
Cash flow	Money moving in and out of a business over time.
Sole proprietorship	A business owned by one person, registered with DTI.
Mayor's permit	The yearly business permit from your city or municipality.
BMBE	A tiny registered business (assets up to ₱3 million) that can skip income tax.
Invoice	The record of a sale you give a customer.
Pre-order	Taking orders before making the product.
Word of mouth	Happy customers telling others about your business.

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Where the facts come from

1. DTI Business Name Registration System: fees, ₱30 stamp tax, 5-year validity (DTI BNRS FAQ)
2. BMBE Online: free registration, ₱3 million asset limit, 2-year certificate (DTI)
3. BMBE registration guide: income tax exemption and LGU steps (Wise)
4. How to register with the BIR in 2026: Form 1901, ORUS, ₱500 fee removed (PhilSTAR Life)
5. 8% income tax vs percentage tax: ₱3 million limit, ₱250,000 deduction (Respicio & Co.)
6. Business permit renewal guide: January 1–20, barangay clearance, LGU fees (First Circle)
7. DTI can now fine and blacklist non-compliant online sellers (Manila Bulletin)
8. Internet Transactions Act signed into law (DTI)
9. Republic Act No. 11967, Internet Transactions Act of 2023 (Lawphil)
10. SSS contribution table 2026: 15%, ₱5,000–₱35,000 salary credit (SweldoPH)

Fees, tax rules, contribution rates and permit steps were checked on November 22, 2026. Rules and fees change, and each city or municipality sets its own permit fees — always check with DTI, BIR, your barangay, your city or municipal hall, SSS, PhilHealth and Pag-IBIG before you act. All names and peso amounts in the examples are made up. ToolsKo is not connected to any company, platform or government agency named in this book. This book is general information, not legal, tax or financial advice. Written by ToolsKo Learn · toolsko.com/learn

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SMALL BUSINESS

Book 1	**Starting a Small Business — this book**
Book 2	Facebook Marketing for Small Business
Book 3	Customer Service Basics
Book 4	Small Business Money Basics

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